

Message Text

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ACTION XMB-07

INFO OCT-01 AF-10 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 IGA-02 RSR-01 /087 W
----- 056163

R 141430 Z MAY 73

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC 8858

INFO AMEMBASSY BLANTYRE

AMEMBASSY DAR ES SALAAM

AMEMBASSY NAIROBI

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DEPT PASS COMMERCE, EXIM BANK, AID

E. O. 11652: N/ A

TAGS: ETRD, EFIN, ZA

REF: STATE 86534, 88011

1. GRZ TRUCK PROCUREMENT, WHICH MAY NOW BE IN FINAL PHASE, APPEARS TO BE MORE MODEST THAN 1250 FIGURE ORIGINALLY INDICATED LAST JANUARY. CONSENSUS OF VARIOUS SOURCES IS THAT TOTAL WILL REACH BETWEEN 750 AND 850. MACK TRUCKS REP REPORTS FOLLOWING BREAKDOWN: 300 GM' S THRU TAW LEASE; 30 UNITS (MAKE NOT SPECIFIED) THRU GRANT FROM LIBYA; PLUS THE FOLLOWING TO BE FINANCED UNDER EXISITING OR NEW CONCESSIONARY LOANS - 140 MERCEDES, 60 SAAB-SCANIA, 90 (MAKE NOT SPECIFIED) JAPANESE 20- TON REFRIGERATED UNITS, AND 38 LEYLANDS. THAT WOULD LEAVE 92 TO 192 YET TO BE PROCURED. EXCEPT IN CASE OF TAW, UNABLE AT THIS TIME CONFIRM ACCURACY OF FIRMNESS THESE FIGURES, THOUGH SAME FIGURES FOR MERCEDES AND JAPANESE TRUCKS HAVE BEEN MENTIONED BY OTHER SOURCES. WOULD NOTE EVEN MOST " SOLID" DECISIONS HERE HAVE WAY SOMETIMES OF COMING UNSTUCK.

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2. KENWORTH (PACCAR), MACK AND INTERNATIONAL HARVESTER REPORTEDLY VYING FOR BALANCE OF TRUCK BUSINESS. GRZ SAID TO BE INTERESTED IN THESE DUE HIGHLY COMPETITIVE PRICES BUT HESITANT BECAUSE OF FINANCING COST. UNABLE THUS FAR UNCOVER ANY INDICATION PROCUREMENT OF FORDS BEING CONSIDERED. NEW BIDS REPORTEDLY NOT BEING ACCEPTED. IF INFO PARA 1 ABOVE ANYWHERE NEAR ACCURATE, FIGURE FOR U. S. TRUCKS NOT LIKELY EXCEED 200, I. E., WELL WITHIN FINANCING EXIM PREPARED OFFER U. S. MANUFACTURERS.

3. COMMENT: INDICATED REDUCTION IN TRUCK PROCUREMENT CERTAINLY CREDIBLE AND WOULD APPEAR TO SETM FROM THREE FACTORS: A) LOWER ANTICIPATED HAULAGE REQUIREMENTS FROM EAST AFRICAN PORTS DUE GRZ SQUEEZE IN IMPORTS AND HIGHER THAN EXPECTED USE OF BENGUELA RAILWAY; B) TRUCK PROCUREMENT BY TANZANIANS, KENYANS AND POSSIBLY MALAWIANS NOT INCLUDED IN ORIGINAL ESTIMATE; AND C) ANTICIPATED IMPROVEMENT IN UTILIZATION OF EQUIPMENT THROUGH BETTER MANAGEMENT (LED BY TAW, WHICH HOPES TO ACHIEVE FOUR ROUND TRIPS MONTHLY PER TRUCK, OR THEORETICALLY 36,000 TONS MONTHLY BOTH DIRECTIONS, WHICH WOULD COVER 55 PERCENT OF ORIGINALLY ANTICIPATED 65,000 TONS OF IMPORTS THRU DAR/ MOMBASA AND NEARLY 80 PERCENT OF NEW DAR/ MOMBASA IMPORT LEVEL IF BENGUELA TRAFFIC HOLDS UP AT 55,000 TONS/ MONTH AS REPORTED LUSAKA 755).

4. RELIANCE LARGELY ON CONCESSIONARY CREDITS FOR TRUCK PROCUREMENT CLEARLY SUGGESTS GRZ DECISION ATTEMPT TO STRETCH OUT IMPACT OF CRISIS ON DOMESTIC ECONOMY. WOULD APPEAR AT LEAST ONE ECONOMIC AUSTERITY MEASURE WHICH BORDER EMERGENCY MIGHT MAKE POLITICALLY FEASIBLE -- I. E. REQUIRING IMPORTERS SUPPORT RAPID AMORTIZATION OF TRUCKS THROUGH HIGHER FREIGHT RATES -- NOT TO BE ADOPTED, DUE TO CONCERN OVER INFLATIONARY CONSEQUENCES. THIS IS EXAMPLE OF CONTINUED RELUCTANCE ON PART OF GRZ TO MAKE HARD DECISIONS IT HAS PREVIOUSLY ALWAYS BEEN ABLE TO AVOID. LONGER- TERM DEVELOPMENT EFFORTS AIMED AT DIVERSIFICATION OF ECONOMY AND GREATER SELF- SUFFICIENCY COULD WELL SUFFER AS CONSEQUENCE. PROSPECTIVE IBRD AND IAD PROGRAM LOANS COULD PROVE VERY USEFUL COUNTER- BALANCES IN FOCUSING GREATER GRZ ATTENTION ON BROADER NEEDS OF ECONOMY. AT SAME TIME, DELAY IN GRZ DECISIONS ON U. S. TRUCK PURCHASES MAY BE DUE DESIRE SEE WHETHER EXIM FINANCING COST MAY BE OFFSET BY BUDGETARY BENEFITS OF AID PROGRAM LOAN.

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LUSAKA00856
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: LUSAKA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730543/aaaajdcs.tel
Line Count: 104
Locator: TEXT ON-LINE
Office: ACTION XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 STATE 86534, 73 STATE 88011
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 10 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Jan-2002 by cunninfx>; APPROVED <01-Feb-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 980210
Subject: TRUCK PROCUREMENT
TAGS: EFIN, ETRD, ZA
To: XMB
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005